

PARK CITY SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2021

PARK CITY SCHOOL DISTRICT

Table of Contents

Year Ended June 30, 2021

	Page
<hr/>	
FINANCIAL SECTION:	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>General Fund</i>	19
Statement of Fund Net Position – Proprietary Fund	20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	21
Statement of Fund Cash Flows – Proprietary Fund	22
Notes to the Basic Financial Statements	23
Required Supplementary Information:	
Schedules of the District's Proportionate Share of Net Pension Liability (Asset) – Utah Retirement Systems	43
Schedules of District Contributions – Utah Retirement Systems	44
Notes to the Required Supplementary Information	45
Combining and Individual Fund Statements and Schedules:	
Major Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>General Fund</i>	46
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>Capital Projects Fund</i>	47

PARK CITY SCHOOL DISTRICT

Table of Contents

Year Ended June 30, 2021

	Page
<hr/>	
Nonmajor Special Revenue Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	49
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>Food Services Fund</i>	50
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>Student Activities Fund</i>	51
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>Pass-Through Taxes Fund</i>	52
Comparative Balance Sheets – <i>Park City Education Foundation Fund</i>	53
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – <i>Park City Education Foundation Fund</i>	54
OTHER INFORMATION:	
Comparative Statements of Net Position – Governmental Activities	55
Comparative Statements of Activities – Governmental Activities	56
Comparative Balance Sheets – <i>General Fund</i>	57
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – <i>General Fund</i>	58
Expenditures Per Student – <i>General Fund</i>	59
Historical Summaries of Taxable Values of Property	60
Tax Rates and Collections	61

FINANCIAL SECTION



Independent Auditor's Report

Board of Education
Park City School District

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Park City School District (the District) as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Park City School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the *general fund* for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability (asset) – Utah Retirement Systems, the schedules of District contributions – Utah Retirement Systems, and the related notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Combining and Individual Fund Statements and Schedules and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules and other information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah

October 29, 2021

Management's Discussion and Analysis

This section of the financial report of Park City School District (the District) presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2021.

Financial Highlights

- The District's total net position was \$132.4 million at the close of the most recent fiscal year, most of which is invested in capital assets.
- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 3.4% in 2021 to \$84.0 million, an increase of \$2.8 million compared to the prior year. The District contributed \$12.9 million of property taxes to other governments, of which \$9.7 million represents a recapture of its basic levy paid to the Utah State Board of Education. State and Federal revenues totaled \$10.3 million in 2021, an increase of \$2.7 million compared to the prior year.
- During the year, expenses were \$12.0 million less than the \$108.3 million generated in taxes and other revenues for governmental activities.
- The District's student enrollment decreased by 61 students to a total of 4,696 students for fiscal year 2021.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise three components: a) government-wide financial statements, b) fund financial statements, and c) notes to the basic financial statements. This report also contains information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a consolidated broad overview of District finances, in a manner like a private-sector business.

The *statement of net position* presents information on all District assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the remainder being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as, uncollected taxes and pension benefits).

The government-wide financial statements are reported as *governmental activities*. The District's basic services are included here, such as instruction, various supporting services, nutrition services, and community services. Property taxes and state and federal grants finance most of these activities.

The government-wide financial statements include not only the District but also the Park City Education Foundation (the Foundation), a legally separate entity for which the District is financially accountable.

The Foundation is reported as one of the District's special revenue funds. The Foundation exclusively benefits the District and its students. The District finances a portion of the administrative costs of the Foundation.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds are grouped into two categories: governmental and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund* and the *capital projects fund*, each of which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the governmental funds is provided in the *combining and individual statements and schedules* section of this report.

The District adopts an annual budget for its *general fund*. A budgetary comparison statement has been provided for the *general fund* to demonstrate compliance with this budget.

The basic governmental fund financial statements and reconciliations can be found on pages 15 through 19 of this report.

Proprietary Fund

The District maintains one proprietary fund type. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses one internal service fund (the *self-insurance fund*) to account for employee health and accident and dental benefits and health care reimbursements provided as a service to all the other funds. This internal service fund is included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 through 42 of this report.

Additional Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's proportional share of the unfunded obligation of the defined benefit pension plans administered by Utah Retirement Systems and its progress in funding obligations to provide pension benefits to its employees. This required supplementary information and related notes can be found on pages 43 to 45 of this report.

The individual and combining statements and schedules referred to earlier in connection with governmental funds are presented as supplementary information on pages 46 through 54 of this report.

To provide comparative data, selected financial, tax, and demographic information is provided as other information. This other information can be found on pages 55 through 61 of this report.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the District's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$132.4 million at the close of the most recent fiscal year.

PARK CITY SCHOOL DISTRICT'S Net Position
June 30, 2021 and 2020
(in millions of dollars)

	Governmental activities		Total change
	2021	2020	2021-2020
Current and other assets	\$ 141.2	\$ 137.9	\$ 3.3
Capital assets	107.4	96.3	11.1
Total assets	248.6	234.2	14.4
Deferred outflows of resources	7.8	6.8	1.0
Current and other liabilities	10.3	9.3	1.0
Long-term liabilities outstanding	17.8	27.5	(9.7)
Total liabilities	28.1	36.8	(8.7)
Deferred inflows of resources	95.9	83.8	12.1
Net position:			
Net investment in capital assets	107.3	96.2	11.1
Restricted	14.6	21.2	(6.6)
Unrestricted	10.5	3.0	7.5
Total net position	\$ 132.4	\$ 120.4	\$ 12.0

The key elements of the District's net position at June 30, 2021 are as follows:

- The largest portion of the District's net position (\$107.3 million or 81.0%) reflects its investment in capital assets (e.g., land, buildings and improvements, and equipment and buses, net of accumulated depreciation and related debt). The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.
- An additional portion of the District's net position (\$14.6 million or 11.0%) represents resources that are subject to external restrictions on how they may be used. Most of the restricted balance is for capital outlay. Restricted net position decreased by \$6.6 million during the year ended June 30, 2021. Restricted fund balances represent net resources subject to constraints that are imposed by external entities or by law.
- The remaining net position (\$10.5 million) is unrestricted. This balance is net of the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by Utah Retirement Systems.

Changes in Net Position

The District's total net position increased by \$12.0 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

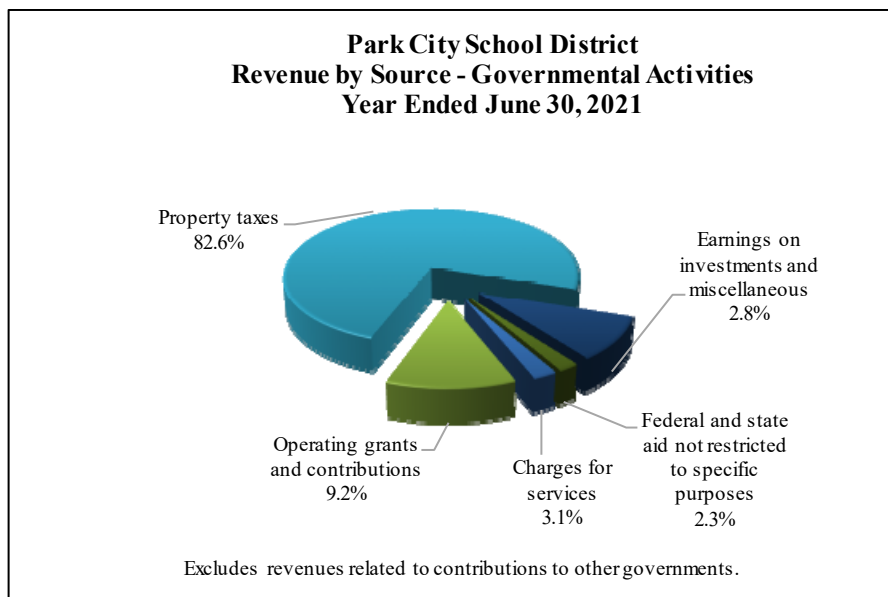
PARK CITY SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2021 and 2020
(in millions of dollars)

	Governmental activities		Total change
	2021	2020	2021-2020
Revenues:			
Program revenues:			
Charges for services	\$ 2.1	\$ 2.7	\$ (0.6)
Operating grants and contributions	11.2	7.7	3.5
General revenues:			
Property taxes	84.0	81.2	2.8
Federal and state aid not restricted to specific purposes	1.8	1.9	(0.1)
Earnings on investments	0.5	1.1	(0.6)
Miscellaneous	8.7	1.2	7.5
Total revenues	<u>108.3</u>	<u>95.8</u>	<u>12.5</u>
Expenses:			
Instruction	50.0	50.5	(0.5)
Supporting services:			
Students	5.5	6.0	(0.5)
Instructional staff	4.7	5.1	(0.4)
Executive administration	0.9	0.9	-
School administration	3.8	4.0	(0.2)
Central	4.3	4.4	(0.1)
Operation and maintenance of facilities	7.2	6.1	1.1
Student transportation	2.8	2.7	0.1
Nutrition services	2.1	2.0	0.1
Community services	2.1	2.3	(0.2)
Contributions to other governments	12.9	11.5	1.4
Total expenses	<u>96.3</u>	<u>95.5</u>	<u>0.8</u>
Change in net position	12.0	0.3	11.7
Net position - beginning	<u>120.4</u>	<u>120.1</u>	<u>0.3</u>
Net position - ending	<u><u>\$ 132.4</u></u>	<u><u>\$ 120.4</u></u>	<u><u>\$ 12.0</u></u>

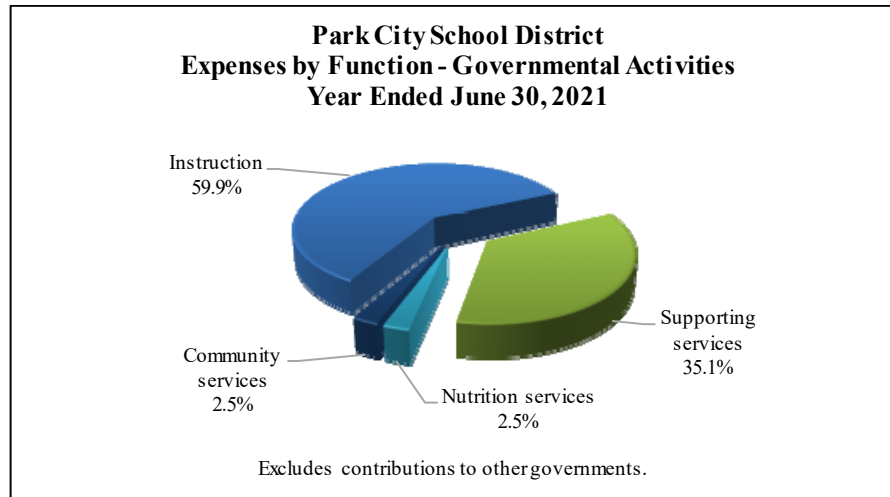
The key elements of the increase in the District's net position for the year ended June 30, 2021 are as follows:

- Property tax revenues increased by 3.4% in 2021 to \$84.0 million as a result of a combination of an increase in the taxable value of property and a decrease in the overall tax rate. The District contributed \$12.9 million of property taxes to other governments, of which \$9.7 million represents a recapture of its basic levy paid to the Utah State Board of Education.

- State revenues increased by \$1.1 million. State revenue is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards us one WPU. Certain students receive a weighting greater than one. The state guarantees that if taxes collected from the basic levy do not provide money equal to the WPU, the state will make up the difference with state funding. The value of the WPU increased by 1.8% during the year ended June 30, 2021 (\$3,596 during 2021 as compared to \$3,532 in 2020). The combination of an increase in the value of the WPU and a decrease in student membership resulted in a minimal increase of state WPU-based program revenue compared to the prior year. However, taxes collected from the basic levy exceeded the state guarantee by \$9.7 million. Consequently, the District received no state WPU funding in 2021 and were required to pay the excess to the state. Overall revenue from other state appropriations (both restricted and unrestricted) totaled \$7.1 million in 2021, an increase of 18.3% from the prior year.
- Federal revenues increased by \$1.6 million. This increase was primarily a result of new federal grants to assist the District in responding to the COVID-19 pandemic.
- Miscellaneous revenues increased by \$7.5 million, primarily from the donation of land to be used for a new elementary school.



- The District's total expenses increased by \$0.8 million to a total of \$96.3 million during 2021 as compared to the prior year. This increase is primarily from the recapture of the basic levy.



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$40.6 million, \$0.5 million less than the previous year. Included in this year's change in the combined fund balance is an increase in the fund balance of the *general fund* of \$5.0 million; this year's change also includes a decrease in the fund balance of the *capital projects fund* of \$6.4 million. The increase in the fund balance of the *general fund* resulted primarily from increased property tax revenues. The decrease in the fund balance of the *capital projects fund* resulted primarily from an increase in capital outlay expenditures. In addition, the following other changes in fund balances should be noted:

- Expenditures for general purposes (excluding contributions to other governments) totaled \$73.0 million, an increase of 4.1% during the current fiscal year. This compares to a 6.0% increase in 2020. Instruction represents 57.0% of *general fund* expenditures (excluding contributions to other governments).
- *General fund* salaries totaled \$42.5 million while the associated employee benefits of retirement, social security, and insurance added \$20.9 million to arrive at 86.9% of total *general fund* expenditures (excluding contributions to other governments).

Governmental funds report the differences between their assets, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes endowments, inventories, and prepaid items that are not expected to be converted to cash. *Restricted* includes net fund resources that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the *general fund* and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2021, the District's combined governmental fund balance is \$40.6 million (\$0.1 million in nonspendable, \$13.9 million in restricted, \$4.3 million in committed, \$5.9 million in assigned, and \$16.4 million in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the District's budget was revised by the Board. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$5.9 million in total *general fund*. In its original budget, the Board anticipated a budget reduction from the state as a result of the COVID-19 pandemic. When the state legislature did not impose a budget reduction for public education, the Board restored the budget to its full amount. Final budgeted expenditures were more than original budgetary estimates by \$5.6 million. This increase primarily reflects higher expenditures in instruction than originally anticipated as a result of the COVID-19 pandemic.

Actual expenditures were \$4.0 million less than final budgeted amounts. Actual revenues were \$0.5 million more than final budgeted amounts primarily due to positive variances in property taxes. Property tax collection rates exceeded expectations.

Capital Asset Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$107.4 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment and buses, and leased assets. The total increase in capital assets for the current year was \$11.1 million or 11.5%, primarily from the donation of land to be used for a future school site.

Additions to capital assets in 2021 included land, building and improvements, and the acquisition of transportation equipment.

Capital assets at June 30, 2021 and 2020 are outlined below:

PARK CITY SCHOOL DISTRICT'S Capital Assets
June 30, 2021 and 2020
(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total
	2021	2020	change
			2021-2020
Land and construction in progress	\$ 20.0	\$ 6.2	\$ 13.8
Buildings and improvements	82.8	85.7	(2.9)
Equipment and buses	4.5	4.2	0.3
Leased assets	0.1	0.2	(0.1)
Total capital assets	<u>\$ 107.4</u>	<u>\$ 96.3</u>	<u>\$ 11.1</u>

Refer to Note 5 to the basic financial statements for additional information on capital assets.

Debt Administration

At June 30, 2021 and 2020, the outstanding balance of lease obligations is summarized below:

PARK CITY SCHOOL DISTRICT'S Outstanding Debt
June 30, 2021 and 2020
(in millions of dollars)

	Governmental activities		Total change
	2021	2020	2021-2020
Lease obligations	\$ 0.1	\$ 0.2	\$ (0.1)

Refer to Note 8 to the basic financial statement for additional information on the District's long-term debt.

Enrollment

The District anticipates student membership to remain relatively constant for the foreseeable future. The following enrollment information is based on the annual October 1 count:

PARK CITY SCHOOL DISTRICT'S Enrollment
October 1 Count

School Year	Enrollment	Change
2021-22	4,592	(2.21)%
2020-21	4,696	(1.28)%
2019-20	4,757	(0.48)%
2018-19	4,780	(0.75)%
2017-18	4,816	(1.53)%
2016-17	4,891	2.69 %
2015-16	4,763	0.51 %
2014-15	4,739	2.35 %
2013-14	4,630	4.73 %
2012-13	4,421	0.48 %

District enrollment for the 2020-2021 school year decreased by 61 students to a total of 4,696 students.

Contacting the District's Management

This financial report is designed to provide citizens, taxpayers, students, and investors and creditors with a general overview of Park City School District's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Business Administrator, Park City School District, 2700 Kearns Blvd., Park City, UT 84060.

Basic Financial Statements

PARK CITY SCHOOL DISTRICT**Statement of Net Position**

June 30, 2021

	Governmental Activities
Assets:	
Cash and investments	\$ 56,312,116
Receivables:	
Property taxes	83,048,927
Local	881,139
State	206,622
Federal	727,713
Inventories and prepaid items	78,142
Capital assets:	
Land and construction in progress	20,021,258
Other capital assets, net of accumulated depreciation	87,394,782
Total assets	<u>248,670,699</u>
 Deferred outflows of resources:	
Related to pensions	<u>7,778,520</u>
 Liabilities:	
Accounts and contracts payable	1,107,749
Accrued payroll and related benefits	8,485,377
Unearned revenue:	
Local	180,100
State	536,999
Federal	4,214
Long-term liabilities:	
Portion due or payable within one year	2,753,592
Portion due or payable after one year	15,045,327
Total liabilities	<u>28,113,358</u>
 Deferred inflows of resources:	
Property taxes levied for future year	81,057,733
Related to pensions	14,793,398
Total deferred inflows of resources	<u>95,851,131</u>
 Net position:	
Net investment in capital assets	107,311,549
Restricted for:	
Capital outlay	13,385,318
Nutrition services	49,390
Scholarships	1,211,623
Unrestricted	10,526,850
Total net position	<u><u>\$ 132,484,730</u></u>

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2021

Activities / Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction	\$ 49,912,770	\$ 1,679,320	\$ 6,297,482	\$ (41,935,968)
Supporting services:				
Student	5,534,846	-	809,752	(4,725,094)
Instructional staff	4,716,421	-	504,406	(4,212,015)
Executive administration	873,959	-	-	(873,959)
School administration	3,803,221	-	84,840	(3,718,381)
Central	4,315,278	-	80,018	(4,235,260)
Operation and maintenance of facilities	7,206,920	32,100	502,565	(6,672,255)
Student transportation	2,784,603	205	1,199,415	(1,584,983)
Nutrition services	2,089,869	281,055	1,401,643	(407,171)
Community services	2,117,105	135,486	296,987	(1,684,632)
Contributions to other governments	12,897,730	-	-	(12,897,730)
Total school district	<u>\$ 96,252,722</u>	<u>\$ 2,128,166</u>	<u>\$ 11,177,108</u>	<u>(82,947,448)</u>
General revenues:				
Property taxes levied for:				
Basic				30,724,951
Board local				25,572,671
Voted local				18,948,312
Capital local				5,491,991
Park City Redevelopment Agency				2,674,627
Charter schools				<u>571,372</u>
Total property taxes				83,983,924
Federal and state aid not restricted to specific purposes				1,841,361
Earnings on investments				504,536
Miscellaneous				<u>8,719,775</u>
Total general revenues				<u>95,049,596</u>
Change in net position				12,102,148
Net position – beginning				<u>120,382,582</u>
Net position – ending				<u>\$ 132,484,730</u>

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2021

	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
Assets:				
Cash and investments	\$ 30,716,886	\$ 13,597,262	\$ 4,355,628	\$ 48,669,776
Receivables:				
Property taxes	74,531,903	5,238,701	3,278,323	83,048,927
Local	211,712	-	669,427	881,139
State	173,957	-	32,665	206,622
Federal	698,377	-	29,336	727,713
Inventories and prepaid items	3,213	-	74,929	78,142
Due from other funds	347,639	-	-	347,639
Total assets	<u>\$ 106,683,687</u>	<u>\$ 18,835,963</u>	<u>\$ 8,440,308</u>	<u>\$ 133,959,958</u>
Liabilities:				
Accounts and contracts payable	\$ 576,693	\$ 341,885	\$ 149,399	\$ 1,067,977
Accrued payroll and related benefits	8,485,377	-	-	8,485,377
Unearned revenue:				
Local	-	-	180,100	180,100
State	536,999	-	-	536,999
Federal	4,214	-	-	4,214
Due to other funds	-	-	347,639	347,639
Total liabilities	<u>9,603,283</u>	<u>341,885</u>	<u>677,138</u>	<u>10,622,306</u>
Deferred inflows of resources:				
Unavailable other local revenue	-	-	593,795	593,795
Unavailable property taxes	986,604	69,316	44,033	1,099,953
Property taxes levied for future year	72,714,683	5,108,760	3,234,290	81,057,733
Total deferred inflows of resources	<u>73,701,287</u>	<u>5,178,076</u>	<u>3,872,118</u>	<u>82,751,481</u>
Fund balances:				
Nonspendable:				
Scholarship endowments	-	-	53,848	53,848
Inventories and prepaid items	3,213	-	74,929	78,142
Restricted for:				
Capital outlay	-	13,316,002	-	13,316,002
Scholarships	-	-	563,980	563,980
Committed to:				
Economic stabilization	4,331,341	-	-	4,331,341
Assigned to:				
Compensated absences	1,514,117	-	-	1,514,117
Students	-	-	671,377	671,377
Foundation	-	-	2,534,028	2,534,028
Basic levy recapture	1,080,000	-	-	1,080,000
Unassigned	16,450,446	-	(7,110)	16,443,336
Total fund balances	<u>23,379,117</u>	<u>13,316,002</u>	<u>3,891,052</u>	<u>40,586,171</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 106,683,687</u>	<u>\$ 18,835,963</u>	<u>\$ 8,440,308</u>	<u>\$ 133,959,958</u>

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2021

Total fund balances for governmental funds	\$ 40,586,171
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 19,077,646	
Construction in progress	943,612	
Buildings and improvements, net of \$63,014,376 accumulated depreciation	82,802,582	
Equipment and buses, net of \$6,991,129 accumulated depreciation	4,492,246	
Lease assets - equipment and buses, net of \$174,697 accumulated depreciation	99,954	
	<u>107,416,040</u>	

Some of the District's local revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.

Unavailable property taxes	1,099,953	
Unavailable other local revenue	593,795	
	<u>1,693,748</u>	

Long-term liabilities, including the net pension liability, are not due and payable in the current period and therefore are not reported in the funds. All liabilities – both current and long-term portions – are reported in the statement of net position. These and related balances at year end are:

Net pension liability	(13,896,193)	
Deferred outflows of resources related to pensions	7,778,520	
Deferred inflows of resources related to pensions	(14,793,398)	
Lease obligations	(104,491)	
Unpaid vacation	(448,595)	
Accrued sick leave	(1,065,522)	
	<u>(22,529,679)</u>	

The District's internal service fund charges the cost of health care benefits to our other funds. The assets and liabilities of our internal service fund are included with governmental activities in the statement of net position. The net position of the District's internal service fund is:

	5,318,450	
Total net position of governmental activities	<u><u>\$ 132,484,730</u></u>	

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**

Year Ended June 30, 2021

	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
Revenues:				
Local:				
Property taxes	\$ 76,130,598	\$ 5,556,561	\$ 3,245,999	\$ 84,933,158
Earnings on investments	174,855	102,945	226,736	504,536
Other	2,617,796	239,580	3,944,916	6,802,292
State	6,769,518	-	298,782	7,068,300
Federal	2,223,040	-	1,082,206	3,305,246
Total revenues	<u>87,915,807</u>	<u>5,899,086</u>	<u>8,798,639</u>	<u>102,613,532</u>
Expenditures:				
Current:				
Instruction	41,579,811	-	2,999,780	44,579,591
Supporting services:				
Student	5,725,340	-	-	5,725,340
Instructional staff	4,923,586	-	-	4,923,586
General administration	855,796	-	-	855,796
School administration	3,812,506	-	-	3,812,506
Central	4,419,842	-	-	4,419,842
Operation and maintenance of facilities	7,090,014	-	-	7,090,014
Student transportation	2,374,249	-	-	2,374,249
Nutrition services	51,500	-	1,897,615	1,949,115
Community services	2,152,835	-	-	2,152,835
Contributions to other governments	9,651,731	-	3,245,999	12,897,730
Capital outlay	-	12,395,932	-	12,395,932
Total expenditures	<u>82,637,210</u>	<u>12,395,932</u>	<u>8,143,394</u>	<u>103,176,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,278,597</u>	<u>(6,496,846)</u>	<u>655,245</u>	<u>(563,004)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	76,889	-	76,889
Transfers in	-	-	240,683	240,683
Transfers out	(240,683)	-	-	(240,683)
Total other financing sources (uses)	<u>(240,683)</u>	<u>76,889</u>	<u>240,683</u>	<u>76,889</u>
Net change in fund balances	5,037,914	(6,419,957)	895,928	(486,115)
Fund balances – beginning	<u>18,341,203</u>	<u>19,735,959</u>	<u>2,995,124</u>	<u>41,072,286</u>
Fund balances – ending	<u>\$ 23,379,117</u>	<u>\$ 13,316,002</u>	<u>\$ 3,891,052</u>	<u>\$ 40,586,171</u>

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**Year Ended June 30, 2021

Net change in fund balances for governmental funds \$ (486,115)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for land, equipment and buses and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 7,135,799	
Donated value of capital assets	7,668,612	
Proceeds from sales of capital assets	(76,889)	
Gain on sale of capital assets	76,889	
Depreciation expense	<u>(3,715,672)</u>	11,088,739

Certain revenue sources are collected several months after the fiscal year end are not considered available revenues in the governmental funds and are, instead, counted as deferred inflows of resources at year end. They are, however, recorded as revenues in the statement of activities.

Property taxes	(949,234)	
Other local revenue	<u>91,525</u>	(857,709)

Debt is not due and payable in the current period and therefore is not reported in the funds. Debt is reported in the statement of net position. Repayment of debt is reported as an expenditure in the funds but is reported as a reduction of debt in the statement of net position.

47,787

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Pension expense	3,676,442	
Vacation and sick leave expense	<u>(73,194)</u>	3,603,248

The District's internal service fund charges the cost of health care benefits to the other funds. The net revenue (expense) of the internal service fund is reported with governmental activities.

(1,293,802)

Change in net position of governmental activities \$ 12,102,148

PARK CITY SCHOOL DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General Fund**

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Local:				
Property taxes	\$ 73,399,459	\$ 75,204,482	\$ 76,130,598	\$ 926,116
Earnings on investments	592,012	151,496	174,855	23,359
Other	3,200,404	2,610,021	2,617,796	7,775
State	2,966,504	7,263,749	6,769,518	(494,231)
Federal	1,316,126	2,116,471	2,223,040	106,569
Total revenues	<u>81,474,505</u>	<u>87,346,219</u>	<u>87,915,807</u>	<u>569,588</u>
Expenditures:				
Current:				
Instruction	40,102,108	42,856,467	41,579,811	1,276,656
Supporting services:				
Student	6,133,292	6,201,294	5,725,340	475,954
Instructional staff	5,834,092	5,863,173	4,923,586	939,587
Executive administration	928,146	1,139,313	855,796	283,517
School administration	3,671,153	3,863,093	3,812,506	50,587
Central	4,489,366	5,010,607	4,419,842	590,765
Operation and maintenance of facilities	5,788,479	6,964,036	7,090,014	(125,978)
Student transportatio	2,666,563	2,720,047	2,374,249	345,798
Food services	-	-	51,500	(51,500)
Community services	2,374,371	2,357,058	2,152,835	204,223
Contributions to other governments	9,065,926	9,651,731	9,651,731	-
Total expenditures	<u>81,053,496</u>	<u>86,626,819</u>	<u>82,637,210</u>	<u>3,989,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>421,009</u>	<u>719,400</u>	<u>5,278,597</u>	<u>4,559,197</u>
Other financing sources (uses):				
Transfers out	(245,000)	(245,000)	(240,683)	4,317
Total other financing sources (uses)	<u>(245,000)</u>	<u>(245,000)</u>	<u>(240,683)</u>	<u>4,317</u>
Net change in fund balances	666,009	964,400	5,519,280	4,554,880
Fund balances – beginning	<u>14,772,761</u>	<u>18,341,203</u>	<u>18,341,203</u>	<u>-</u>
Fund balances – ending	<u>\$ 15,438,770</u>	<u>\$ 19,305,603</u>	<u>\$ 23,860,483</u>	<u>\$ 4,554,880</u>

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT
Statement of Fund Net Position – Proprietary Fund
June 30, 2021

	Governmental Activities – Internal Service Fund
Assets:	
Cash and investments	\$ 7,642,340
Liabilities:	
Accounts payable	39,772
Medical claims payable	1,958,151
Health reimbursement accounts	325,967
Total liabilities	<u>2,323,890</u>
Net position:	
Unrestricted	<u>5,318,450</u>
Total net position	<u><u>\$ 5,318,450</u></u>

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund

Year Ended June 30, 2021

	Governmental Activities – Internal Service Fund
Operating revenues:	
Premiums charged to other funds	\$ 8,262,589
Refunds	90,850
Total operating revenues	<u>8,353,439</u>
Operating expenses:	
Medical claims	8,331,699
Administrative expenses	935,648
Contributions to health savings accounts	379,894
Total operating expenses	<u>9,647,241</u>
Total operating loss / change in fund net position	(1,293,802)
Net position – beginning	<u>6,612,252</u>
Net position – ending	<u><u>\$ 5,318,450</u></u>

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT
Statement of Fund Cash Flows – Proprietary Fund
Year Ended June 30, 2021

	Governmental Activities – Internal Service Fund
Cash flows from operating activities:	
Insurance premiums received	\$ 8,262,589
Refunds receive	90,850
Medical claims paid	(8,339,985)
Administrative expenses paid	(935,648)
Contributions to health savings accounts	(379,894)
Healthcare reimbursements paid	(73,558)
	<hr/>
Net cash used by operating activities	(1,375,646)
Cash and cash equivalents – beginning	<hr/> 9,017,986
Cash and cash equivalents – ending (displayed as <i>cash and investments</i> on the statement of fund net position)	<hr/> <hr/> \$ 7,642,340
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (1,293,802)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in accounts payable	(23)
Increase in medical claims payable	(8,263)
Decrease in health reimbursement accounts	(73,558)
	<hr/>
Net cash used by operating activities	<hr/> <hr/> \$ (1,375,646)

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Park City School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

Reporting Entity

The Board of Education, comprised of five elected individuals, is the District's primary governing authority. As required by GAAP, these financial statements present the District and its blended component unit, Park City Education Foundation (the Foundation), for which the District is financially accountable. The Foundation exclusively benefits the District and its students. Most of the administrative costs of the Foundation are financed by the District. A blended component unit, although a legally separate entity, is in substance part of District operations.

Government-Wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net position and the statement of activities) display information about the primary government (the District) and its component unit. These statements include the financial activities of the overall government. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. *Governmental activities* generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a function. Depreciation expense for capital assets that can specifically be identified with a function are included in the District's direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instruction, school administration, operation and maintenance of facilities, and nutrition services) are ratably included in the direct expenses of the appropriate functions. Program revenues include a) fees and charges paid by students and other recipients of goods or services offered by a given function and b) grants and contributions that are restricted to meeting the operational or capital requirements of a function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students in the District.

PARK CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

Additionally, the District reports the following proprietary fund:

- The *self-insurance fund* accounts for the risk management services associated with the District's self-insurance plan covering employee health and accident and dental claims and healthcare reimbursements. Premiums are charged to other funds to cover anticipated costs.

Classifications of expenditures/expenses are reported by function. The function describes the activity for which a service or material object is acquired. District functions are classified into six broad areas: instruction, supporting services, nutrition services, community services, contributions to other governments, and capital outlay. Functions are further classified into subfunctions.

Instruction – Instruction includes the activities dealing directly with the interaction between teachers and students. This function includes teachers, aides, textbooks, and classroom supplies.

Supporting Services – Supporting services provide administrative, technical (such as guidance and curriculum development), and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, nutrition services, and community services rather than as entities within themselves.

- *Student*. Activities designed to assess and improve the well-being of students and to supplement the teaching process. This subfunction includes attendance, guidance, health, and therapy services.
- *Instructional staff*. Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students. This subfunction includes improvement of instruction, instruction and curriculum development, instructional staff training, library and media, instruction-related technology, and academic student assessment services.
- *Executive administration*. Activities concerned with establishing and administering policy for operating the District. This subfunction includes Board of Education, superintendent, and community relation services.
- *School administration*. Activities concerned with overall administrative responsibility for a school. This subfunction includes principals, assistants, records, and clerical services.
- *Central*. Activities that support other administrative and instructional functions, including fiscal services, purchasing, printing, human resources, planning, and administrative information technology.
- *Operation and maintenance of facilities*. Activities concerned with keeping physical facilities open, comfortable, and safe for use and with keeping grounds, buildings, and equipment in effective working conditions and state of repair.
- *Student transportation*. Activities concerned with conveying students to and from school, as provided by state and federal law. These include trips between home and school and trips to school activities as well as vehicle acquisition, operation, and maintenance.

PARK CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

Nutrition Services – Nutrition services include activities concerned with providing food to students and staff in a school as part of the National School Lunch Program. Program revenues include federal and state reimbursements, federal donated commodities, and lunch sales.

Community Services – Community services include activities concerned with providing services to the community. Examples of this function are offering after-school, operating a swimming pool, and providing other community recreation programs.

Contributions to Other Governments – Contributions to other governments include required payments to other governments of property taxes levied by the District of a) incremental taxes to a redevelopment agency, b) excess basic levy collections to the state, and c) the charter school levy to the state.

Capital Outlay – Capital outlay includes payments for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and proprietary fund financial statements are reported using the *economic resources measurement focus* and are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The District generally considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Expenditures generally are recorded when the related fund liability is incurred, except pension benefits, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes and interest associated with the current fiscal period are susceptible to accrual and have been recognized as revenues in the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered measurable and available only when the District receives cash.

Budgetary Data

The District operates within the budget requirements for school districts as specified by state law and as interpreted by the Utah State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds, except for the Foundation, which operates within its own budget. A budget for the *self-insurance fund* is not required. All annual appropriations lapse at fiscal year-end except for those indicated as a fund balance commitment. The following procedures are used in establishing the budgetary data reflected in the financial statements.

PARK CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

- By June 1 of each year, the business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified tax rate, a public hearing is held before June 30 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted by August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent, can approve reductions in appropriations but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with state law, interim adjustments may be made by administrative budget reallocation from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2021 have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Cash and Cash Equivalents

The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date the District acquired the investments, including investments in the Public Treasurers' Investment Fund (PTIF).

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds."

Inventories and Prepaid Items

Inventories are valued at cost or, if donated, at acquisition value when received, stated at the lower of average cost or market. Inventories of governmental funds are recorded as expenditures when consumed. Donated food commodities are recorded as revenue when received. Inventories reported in the governmental funds are equally offset by a nonspendable portion of fund balance, indicating that they are not expected to be converted to cash.

PARK CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/ expenditures when consumed.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and equipment and buses, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, equipment and buses and \$100,000 for buildings and improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The District's buildings and improvements and equipment and buses are depreciated using the straight-line method over the estimated useful lives as indicated in the following chart:

Assets	Years
Buildings	50
Athletic field improvements	20
Musical instruments	20
Kitchen equipment	15
Maintenance equipment	15
School buses and vehicles	10
Copiers	7
Computer equipment and software	5

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

Vacation and Sick Leave

Under terms of association agreements, employees are granted vacation leave in amounts varying with tenure. Under Board policy, the District provides a sick leave incentive to its employees; this benefit is available to employees when they separate from the District. The benefit is up to 25% (based on years of service within the District) of the amount of unused sick leave days allowed to be accumulated using the daily rate of pay at the time of separation. The District records expenditures in the governmental funds for vacation and sick pay benefits when paid. An expense and related liability are recorded in the governmental-wide financial statements as these benefits are earned. The liability will be paid by the fund in which the employee worked.

PARK CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the statement of net position and include net pension liability, lease obligations, unpaid vacation, accrued sick leave, medical claims payable, and health reimbursement accounts.

In the fund financial statements, governmental funds usually recognize expenditures when paid; long-term obligations are not reported as liabilities in the governmental funds.

Deferred Outflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position/Fund Balances

The residual of all other elements presented in a statement of net position is *net position* on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: investment in capital assets (capital assets net of accumulated depreciation and capital-related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then committed, and so forth.

Fund balance classifications are summarized as follows:

Nonspendable – This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Net fund resources related to endowments, inventories, and prepaid items are classified as nonspendable.

Restricted – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the unspent tax revenue for specific purposes (capital outlay), remaining amounts for nutrition services

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

held in other governmental funds (*food services fund*), and unspent expendable donations for scholarships held in other governmental funds (*Park City Education Foundation*).

Committed – This category includes amounts that can only be used for specific purposes established by formal action of a government’s highest level of decision-making authority. The Board is the highest level of decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. Committed fund balance also incorporates contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

As defined in state law as an “undistributed reserve,” the District maintains for economic stabilization up to 5% of *general fund* budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also as defined by state law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees” and the use of this reserve requires a written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and the Utah State Auditor.

Assigned – This category includes resources held in the governmental funds to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the business administrator to assign fund balances. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The District has assigned amounts in the *general fund* that it intends to be used for specific purposes but are neither restricted nor committed. Also, residual balances in other governmental funds are classified as assigned fund balances.

Unassigned – Residual balances in the *general fund* are classified as unassigned.

Net Position/Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are applied.

Net Position – It is District policy to consider restricted net position to have been depleted before unrestricted net position.

Fund Balance – It is District policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2021 as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 4,957,937
Carrying amount of investments	<u>51,354,179</u>
Total cash and investments	<u>\$ 56,312,116</u>
Governmental funds cash and investments	\$ 48,669,776
Internal service fund cash and investments	<u>7,642,340</u>
Total cash and investments	<u>\$ 56,312,116</u>

The District complies with the State Money Management Act (*Utah Code* Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling the District's depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, first-tier commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules of the Council to be necessary and enough for adequate protection of its uninsured bank deposits.

Deposits

At June 30, 2021, the District and Foundation have the following deposits with financial institutions:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Amount Insured</u>
Park City School District	\$ 2,913,167	\$ 3,343,586	\$ 258,524
Park City Education Foundation	<u>2,044,770</u>	<u>2,136,077</u>	<u>500,000</u>
	<u>\$ 4,957,937</u>	<u>\$ 5,479,663</u>	<u>\$ 758,524</u>

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2021, the uninsured amount of the District's and Foundation's bank deposits was uncollateralized nor is it required to be collateralized by state law.

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

Investments

At June 30, 2021, the District and Foundation have the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Park City School District:	
Utah Public Treasurers' Investment Fund (PTIF)	\$ 49,736,788
Park City Education Foundation:	
Common stock ETFs	<u>1,617,391</u>
Total investments	<u>\$ 51,354,179</u>

The District invests with the PTIF. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the state or in the state's name by the state's custodial banks, including investment-grade corporate bonds and notes, money market mutual funds, first-tier commercial paper, and certificates of deposit. The portfolio has a weighted average maturity of 90 days or less. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single issuer. The reported value of the pool is the same as the fair value of the pool shares.

The Foundation invests through a broker in common stock exchange-traded funds (ETFs). An ETF is a marketable security that tracks an index. An ETF owns the underlying assets (shares of stocks) and divides ownership of those assets into shares. Shareholders indirectly own these assets and are entitled to a portion of the earnings. ETF shares are traded on public stock exchanges. The common stock ETFs seek to provide investment results that correspond to developed equities based in Europe, Australia, and the Far East or the S&P 500 Index (composed of five hundred selected stocks, all of which are listed on national stock exchanges and spans over 25 separate industry groups).

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, and fixed-rate securities from 270 days to 15 months. In addition, variable-rate securities may not have a remaining term to final maturity exceeding three years. The Foundation can also invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. District policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first-tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's.

PARK CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. District policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of its total portfolio with a single issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in an industry. Also, for the Foundation's investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. District policy for managing this risk is to comply with the Act and related rules. The Act requires the Foundation's public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian. The Foundation's investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

NOTE 3 – FAIR VALUE MEASUREMENTS

The District, as well as the Foundation, categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2021:

- Public Treasurers' Investment Fund of \$49,736,788 is valued at the District's position in the PTIF multiplied by the published fair value factor (Level 2 inputs).

The Foundation has the following recurring fair value measurements as of June 30, 2021:

- Common stock exchange-traded funds of \$1,617,391 are valued at quoted market prices (Level 1 inputs).

NOTE 4 – PROPERTY TAXES

District Property Tax Revenue

The District's property tax revenue is collected and distributed by the Summit County treasurer as its agent. State statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the county board of equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30.

PARK CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

Motor vehicles are assessed an age-based fee that is due each time a vehicle is registered. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in the same proportion in which revenue collected from property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2021, District property taxes receivable includes uncollected taxes assessed as of January 1, 2021 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

Contributions to Other Governments

The District is required to allocate to other governments some of the property taxes it levies as follows:

Incremental Taxes for Park City Redevelopment Agency

In addition to property taxes it levies for its own purposes, the District levies property taxes for Park City Redevelopment Agency (the Agency), a legally separate governmental entity which is reported as a component unit of Park City Municipal Corporation. The incremental taxes are administered in accordance with the Community Development and Renewal Agencies Act (*Utah Code 17C-1*). Collections of these taxes are forwarded directly by Summit County to the Agency.

Property tax revenue (or incremental taxes) from increased assessed values within project areas are earmarked to finance urban renewal, economic development, and community development projects managed by the Agency. Project completion dates range from 2021 to 2031.

In 2021, incremental taxes levied by the District for the Agency totaling \$2,674,627 were recorded in the other governmental funds (*pass-through taxes fund*).

As part of a mitigation agreement between the District and the Agency, the Agency paid the District \$814,464 during the year ended June 30, 2021. Of the amount paid, the agreement requires the District to allocate 61% to general purposes and 39% to capital outlay.

Basic Levy Recapture (and Basic Levy Incremental Tax) to the State

The state guarantees a contribution to a school district's basic program when the amount generated by weighted pupil units exceeds the amount of tax revenue produced by the basic levy. When a school district produces tax revenue from the basic levy in excess of what is to be applied to the amount generated by weighted pupil units, the excess is paid (or recaptured) to the state. Per *Utah Code 53F-2-301.5*, the state added an incremental rate to the basic levy. The District pays this incremental tax to the state to fund certain state programs. The District is not eligible to participate in these state programs even though it is required to levy the incremental tax. In 2021, combined basic levy recapture and basic levy incremental tax of \$9,651,731 was paid to the state from the *general fund*.

Charter School Levy to the State

Per *Utah Code 53F-2-703*, a portion of the District's board local levy is paid to the statewide charter school levy account. The portion is based on the number of charter school students residing within District boundaries. In 2021, the amount collected by the County and paid directly to the state was \$571,372; the District reports this amount in the *pass-through taxes fund*.

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 5,208,631	\$ 13,869,015	\$ -	\$ 19,077,646
Construction in progress	943,612	-	-	943,612
Total capital assets, not being depreciated	6,152,243	13,869,015	-	20,021,258
Capital assets, being depreciated:				
Buildings and improvements	145,816,958	-	-	145,816,958
Equipment and buses	10,903,090	935,396	(355,111)	11,483,375
Leased assets - equipment and buses	274,651	-	-	274,651
Total capital assets, being depreciated	156,994,699	935,396	(355,111)	157,574,984
Accumulated depreciation for:				
Buildings and improvements	(60,019,526)	(2,994,850)	-	(63,014,376)
Equipment and buses	(6,685,412)	(660,828)	355,111	(6,991,129)
Leased assets - equipment and buses	(114,703)	(59,994)	-	(174,697)
Total accumulated depreciation	(66,819,641)	(3,715,672)	355,111	(70,180,202)
Total capital assets, being depreciated, net	90,175,058	(2,780,276)	-	87,394,782
Governmental activities capital assets, net	<u>\$ 96,327,301</u>	<u>\$ 11,088,739</u>	<u>\$ -</u>	<u>\$ 107,416,040</u>

For the year ended June 30, 2021, depreciation expense was charged to District functions as follows:

Governmental activities:	
Instruction	\$ 2,592,696
Supporting services:	
Student	1,390
General administration	52,431
School administration	143,885
Business	87,845
Operation and maintenance of facilities	183,802
Student transportation	446,930
Food services	168,123
Community services	38,570
Total depreciation expense, governmental activities	<u>\$ 3,715,672</u>

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

NOTE 6 – STATE RETIREMENT PLANS

Description of Plans

Eligible employees are provided with the following plans through the Utah Retirement Systems (the URS) administered by the URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- *Public Employees Noncontributory Retirement System* (Tier 1 Noncontributory System)
- *Tier 2 Public Employees Contributory Retirement System* (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

- *401(k) Plan* which includes the *Tier 2 Public Employees Defined Contribution Plan* (Tier 2 Defined Contribution Plan)
- *457 Plan* and other individual plans

District employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the District as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the District as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

The Tier 2 systems became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with URS, are members of the Tier 2 systems.

The plans are established and governed by the respective sections of Title 49 of the *Utah Code*. The plans are amended statutorily by the Utah State Legislature. Title 49 provides for the administration of the plans under the direction of the Utah State Retirement Board, whose members are appointed by the Governor.

The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

Benefits Provided

The URS provides retirement, disability, and death benefits to participants in the plans.

Retirement benefits in the defined benefit pension plans are determined from 1.50% to 2.00% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

Contributions

As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

For the year ended June 30, 2021, required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates		District Rates	
	District Contribution *	Amortization of UAAL **	for 401(k) Plan	Totals
Tier 1 Noncontributory System	12.25%	9.94%	1.50%	23.69%
Tier 2 Contributory System	9.05%	9.94%	1.03%	20.02%
Tier 2 Defined Contribution Plan	0.08%	9.94%	10.00%	20.02%

* District contribution includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.

** Required contributions include an additional amount to finance any unfunded actuarial accrued liability in the Tier 1 plans.

Employees can make additional contributions to defined contribution plans subject to limitations.

For the year ended June 30, 2021, District and employee contributions to the plans were as follows:

	District Contributions *	Employee Contributions
Tier 1 Noncontributory System	\$ 5,336,578	\$ -
Tier 1 Contributory System	896	-
Tier 2 Contributory System	2,715,260	-
Tier 2 Defined Benefit Plan	386,037	-
401(k) Plan	967,009	1,374,060
457 Plan and other individual plans	-	297,040

* A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

Pension Assets and Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a net pension asset of zero and a net pension liability of \$13,896,193 for the following plans:

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 13,775,716
Tier 2 Contributory System	-	120,477
Total	<u>\$ -</u>	<u>\$ 13,896,193</u>

The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2020, rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of its actual contributions compared to the total of all employer contributions during the plan year. The following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2020 and the change in its proportion since the prior measurement date for each plan:

	<u>Proportionate Share 2020</u>	<u>Change</u>
Tier 1 Noncontributory System	1.0333426%	(0.0163749)%
Tier 2 Contributory System	0.8376449%	(0.0232976)%

For the year ended June 30, 2021, the District recognized pension expense for the plans as follows:

	<u>Pension Expense</u>
Defined benefit pension plans:	
Tier 1 Noncontributory System	\$ 3,559,179
Tier 1 Contributory System	-
Tier 2 Contributory System	1,179,161
Total	<u>\$ 4,738,340</u>
Defined contribution plans:	
Tier 2 Defined Contribution Plan	\$ 2,715,260
401(k) Plan	967,009
Total	<u>\$ 3,682,269</u>

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

At June 30, 2021, the District reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources Related to Pensions			
	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ 1,510,801	\$ -	\$ 110,901	\$ 1,621,702
Changes of assumptions	1,299,420	-	152,388	1,451,808
Changes in proportion and differences between District contributions and proportionate share of contributions	247,759	-	185,323	433,082
District contributions subsequent to the measurement date	2,672,157	299	1,599,472	4,271,928
Total	<u>\$ 5,730,137</u>	<u>\$ 299</u>	<u>\$ 2,048,084</u>	<u>\$ 7,778,520</u>

At June 30, 2021, the District reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows of Resources Related to Pensions			
	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ -	\$ -	\$ 55,167	\$ 55,167
Changes of assumptions	-	-	4,383	4,383
Net difference between projected and actual earnings on pension plan investments	13,866,237	-	352,154	14,218,391
Changes in proportion and differences between District contributions and proportionate share of contributions	515,457	-	-	515,457
Total	<u>\$ 14,381,694</u>	<u>\$ -</u>	<u>\$ 411,704</u>	<u>\$ 14,793,398</u>

The \$4,271,928 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2020 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
2022	\$ (3,065,740)	\$ (60,467)	\$ (3,126,207)
2023	(1,242,515)	(35,724)	(1,278,239)
2024	(4,715,348)	(82,139)	(4,797,487)
2025	(2,300,111)	(24,200)	(2,324,311)
2026	-	40,736	40,736
Thereafter	-	198,702	198,702

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

Actuarial Assumptions

The total pension liability (asset) in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 9.75%, average, including inflation
Investment rate of return	6.95%, net of pension plan investment expense, including

Mortality rates were based on actual experience and mortality tables, considering gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Assumptions remained unchanged that affect measurement of the total pension liability (asset) since the prior measurement date.

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	37%	6.30%
Debt securities	20%	0.00%
Real assets	15%	6.19%
Private equity	12%	9.50%
Absolute return	16%	2.75%
Cash and cash equivalents	0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.95%, as well as what its proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension liability (asset):			
Tier 1 Noncontributory System	\$ 44,161,829	\$ 13,775,716	\$ (11,631,225)
Tier 2 Contributory System	<u>2,027,262</u>	<u>120,477</u>	<u>(1,338,163)</u>
Total	<u>\$ 46,189,091</u>	<u>\$ 13,896,193</u>	<u>\$ (12,969,388)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Payables to the Pension Plans

At June 30, 2021, the District reported payables of \$2,523,750 for contributions to defined benefit and defined contribution plans.

NOTE 7 – RISK MANAGEMENT

The District's *self-insurance fund*, an internal service fund, was established to pay self-insurance claims for health and accident and dental coverage and healthcare reimbursements for qualified District employees. The District carries commercial insurance, which covers claims in excess of \$125,000. The fund collects premiums, as established by the District and the plan administrator, from other District funds. The District has recorded an estimate of claims incurred but not reported of \$1,958,151 as of June 30, 2021. This liability is based on experience and information provided by the plan administrator.

The following table shows a history of accrued claims payable for the years ended June 30, 2021 and 2020:

	Medical Coverage	
	2021	2020
Medical claims payable (beginning of year)	\$ 1,966,414	\$ 2,044,514
Medical claims (including incurred but not reported)	9,608,023	8,701,797
Payments of medical claims and administrative costs	<u>(9,616,286)</u>	<u>(8,779,897)</u>
Medical claims payable (end of year)	<u>\$ 1,958,151</u>	<u>\$ 1,966,414</u>

The District has established and made contributions to health reimbursement accounts (HRA) for certain qualifying employees not participating in the District's health and accident plan. This benefit was closed to new entrants on August 31, 2017. The HRA balances are reduced by reimbursements paid up to the

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

amount available in the HRA. Upon termination, any accumulated balance is forfeited to the District. The following table shows a history of accumulated balances in HRAs for the years ended June 30, 2021 and 2020:

	Health Reimbursement Accounts	
	2020	2019
Health reimbursement accounts (beginning of year)	\$ 399,525	\$ 510,733
Healthcare reimbursements paid	<u>(73,558)</u>	<u>(111,208)</u>
Health reimbursement accounts (end of year)	<u>\$ 325,967</u>	<u>\$ 399,525</u>

The District also maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10,000,000 per occurrence through policies administered by the Utah State Risk Management Fund. The District pays an annual premium to the Fund. The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of \$1,000 per occurrence. The District also maintains a public treasurer's fidelity bond with the Utah State Risk Management Fund.

District employees are covered for workers compensation by the Utah School Boards Risk Management Mutual Insurance Association. The district covers unemployment claims on a pay-as-you-go basis.

Settled claims (other than those related to health-care benefits) for the past three years have been insignificant.

NOTE 8 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Portion Due or Payable Within One Year
Net pension liability	\$ 23,515,225	\$ 25,496,237	\$ (35,115,269)	\$ 13,896,193	\$ -
Lease obligation	152,278	-	(47,787)	104,491	60,477
Unpaid vacation	406,108	352,140	(309,653)	448,595	358,876
Accrued sick leave	1,034,815	201,877	(171,170)	1,065,522	213,104
Medical claims payable	1,966,414	9,608,023	(9,616,286)	1,958,151	1,958,151
Health reimbursement accounts	399,525	-	(73,558)	325,967	162,984
Total long term liabilities	<u>\$ 27,474,365</u>	<u>\$ 35,658,277</u>	<u>\$ (45,333,723)</u>	<u>\$ 17,798,919</u>	<u>\$ 2,753,592</u>

PARK CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements

In 2019, the District entered agreements to lease copiers and a vehicle. The unamortized value of the lease assets is \$99,954 at June 30, 2021. Future debt service requirements for the leases at June 30, 2021 will be as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 60,477	\$ 3,914	\$ 64,391
2023	44,014	1,202	45,216
Total	<u>\$ 104,491</u>	<u>\$ 5,116</u>	<u>\$ 109,607</u>

NOTE 9 – TRANSFERS AND INTERFUND BALANCES

The District transferred \$240,683 from the *general fund* to its other governmental funds to cover \$180,683 of administrative costs incurred by the Park City Education Foundation and \$60,000 to subsidize food services.

Amounts due to and due from other funds at June 30, 2021 include \$347,639 due from other governmental funds (the *Park City Education Foundation fund*) to the *general fund* for personnel and other administrative costs.

NOTE 10 – LITIGATION AND COMPLAINT

At certain times, claims or lawsuits are pending in which the District is involved. The District's legal counsel and insurance carriers estimate that its potential obligations resulting from such claims (other than health-care related claims disclosed in Note 7) or litigation would not significantly affect the District's financial statements.

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of resources received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund* or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be insignificant.

All fund balances are positive at June 30, 2021.

Fund expenditures are within budgeted amounts during the year ended June 30, 2021.

Required Supplementary Information

PARK CITY SCHOOL DISTRICT

Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) –

Utah Retirement Systems

Last Seven Plan (Calendar) Years

	District's Proportion of Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Tier 1 Noncontributory System:					
2020	1.0333426 %	\$ 13,775,716	\$ 24,157,631	57.02 %	94.3 %
2019	1.0497175 %	23,321,593	24,579,344	94.88 %	90.1 %
2018	0.9829048 %	36,569,142	24,941,777	146.62 %	84.1 %
2017	0.9267600 %	22,662,639	23,821,730	95.13 %	89.2 %
2016	0.8960120 %	29,039,004	23,880,531	121.60 %	84.9 %
2015	0.9162832 %	28,783,079	24,539,515	117.29 %	84.5 %
2014	0.9007547 %	22,631,720	24,778,611	91.34 %	87.2 %
Tier 2 Contributory System:					
2020	0.8376449 %	\$ 120,477	\$ 13,426,501	0.90 %	98.3 %
2019	0.8609425 %	193,632	11,990,444	1.61 %	96.5 %
2018	0.8435607 %	361,279	9,922,780	3.64 %	90.8 %
2017	0.7350711 %	64,809	7,214,233	0.90 %	97.4 %
2016	0.6041406 %	67,391	4,954,443	1.36 %	95.1 %
2015	0.5764658 %	(1,258)	3,722,327	(0.03)%	100.2 %
2014	0.5797030 %	(17,568)	2,836,017	(0.62)%	103.5 %

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT

Schedules of District Contributions – Utah Retirement Systems

Last Seven Reporting (Fiscal) Years

		Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Tier 1 Noncontributory System:						
2021	\$	5,336,578	\$ 5,336,578	\$ -	\$ 24,333,393	21.93 %
2020		5,301,349	5,301,349	-	24,169,221	21.93 %
2019		5,459,127	5,459,127	-	24,881,095	21.94 %
2018		5,417,125	5,417,125	-	24,695,340	21.94 %
2017		5,137,730	5,137,730	-	23,482,993	21.88 %
2016		5,315,383	5,315,383	-	24,295,601	21.88 %
2015		5,313,716	5,313,716	-	24,617,692	21.58 %
Tier 2 Contributory System:						
2021	\$	2,715,260	\$ 2,715,260	\$ -	\$ 14,221,490	19.09 %
2020		2,466,132	2,466,132	-	13,030,929	18.93 %
2019		2,068,319	2,068,319	-	11,005,686	18.79 %
2018		1,610,583	1,610,583	-	8,735,480	18.44 %
2017		1,075,785	1,075,785	-	5,893,766	18.25 %
2016		768,661	768,661	-	4,217,092	18.23 %
2015		588,177	588,177	-	3,244,261	18.13 %
Tier 2 Defined Contribution Plan:						
2021	\$	386,037	\$ 386,037	\$ -	\$ 3,696,835	10.44 %
2020		276,422	276,422	-	2,699,523	10.24 %
2019		236,436	236,436	-	2,332,220	10.14 %
2018		210,172	210,172	-	2,073,778	10.13 %
2017		168,438	168,438	-	1,675,567	10.05 %
2016		148,591	148,591	-	1,468,700	10.12 %
2015		114,630	114,630	-	1,121,756	10.22 %

The accompanying notes are an integral part of this financial statement.

PARK CITY SCHOOL DISTRICT
Notes to the Required Supplementary Information

NOTE A – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

Amounts reported in plan year 2020 reflect the following assumption changes adopted from the January 1, 2020 valuation:

- The payroll growth assumption decreased from 3.00% to 2.90%.
- Other assumptions that were modified: retirement rates, termination rates, disability rates, rate of salary increase, and pre and post retirement mortality tables.

Assumptions for plan years 2019 and 2018 remain unchanged from the prior years.

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- Both the payroll growth and wage inflation assumptions were decreased by 0.15%.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post retirement mortality, and certain demographics.

NOTE B – SCHEDULES OF THE DISTRICT'S PROPORTIONAL SHARE OF THE NET PENSION LIABILITY (ASSET) – UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2014 and subsequent measurement periods of the plans; prior-year information is not available.

NOTE C – SCHEDULES OF DISTRICT CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2015 and subsequent reporting periods of the plans; prior-year information is not available.

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. A portion of the required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability of the Tier 1 plans.

**Combining and Individual Fund
Statements and Schedules**

PARK CITY SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –****General Fund**

Year Ended June 30, 2021 with Comparative Totals for 2020

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 75,204,482	\$ 76,130,598	\$ 926,116	\$ 71,771,507
Earnings on investments	151,496	174,855	23,359	597,794
Other	2,610,021	2,617,796	7,775	2,508,735
State	7,263,749	6,769,518	(494,231)	5,692,208
Federal	2,116,471	2,223,040	106,569	1,155,070
Total revenues	87,346,219	87,915,807	569,588	81,725,314
Expenditures:				
Current:				
Salaries	43,265,072	42,535,242	729,830	40,161,660
Employee benefits	20,767,338	20,882,457	(115,119)	20,748,013
Purchased professional services	2,203,668	790,195	1,413,473	782,160
Purchased property services	1,866,874	2,125,843	(258,969)	1,904,350
Other purchased services	1,407,849	911,498	496,351	991,967
Supplies	7,061,448	5,377,940	1,683,508	3,993,725
Equipment	355,011	316,753	38,258	274,003
Other objects	47,828	45,551	2,277	30,323
Contributions to other governments	9,651,731	9,651,731	-	8,218,495
Total expenditures	86,626,819	82,637,210	3,989,609	77,104,696
Excess of revenues over expenditures	719,400	5,278,597	4,559,197	4,620,618
Other financing sources (uses):				
Transfers out	(245,000)	(240,683)	4,317	(562,084)
Net change in fund balances	474,400	5,037,914	4,563,514	4,058,534
Fund balances – beginning	18,341,203	18,341,203	-	14,282,669
Fund balances – ending	<u>\$ 18,815,603</u>	<u>\$ 23,379,117</u>	<u>\$ 4,563,514</u>	<u>\$ 18,341,203</u>

PARK CITY SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –*****Capital Projects Fund***

Year Ended June 30, 2021 with Comparative Totals for 2020

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 5,488,966	\$ 5,556,561	\$ 67,595	\$ 5,272,148
Earnings on investments	103,067	102,945	(122)	507,005
Other	226,363	239,580	13,217	226,363
State	-	-	-	115,500
Total revenues	<u>5,818,396</u>	<u>5,899,086</u>	<u>80,690</u>	<u>6,121,016</u>
Expenditures:				
Capital outlay:				
Purchased professional services	11,500	83,246	(71,746)	1,490,500
Purchased property services	91,442	125,073	(33,631)	2,032,130
Supplies	17,124	17,124	-	-
Equipment	<u>13,428,953</u>	<u>12,170,489</u>	<u>1,258,464</u>	<u>4,867,214</u>
Total expenditures	<u>13,549,019</u>	<u>12,395,932</u>	<u>1,153,087</u>	<u>8,389,844</u>
Excess (deficiency) of revenues over (under) expenditures	(7,730,623)	(6,496,846)	1,233,777	(2,268,828)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	76,889	76,889	37,766
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,000</u>
Total other financing sources (uses)	<u>-</u>	<u>76,889</u>	<u>76,889</u>	<u>227,766</u>
Net change in fund balances	(7,730,623)	(6,419,957)	1,310,666	(2,041,062)
Fund balances – beginning	<u>19,735,959</u>	<u>19,735,959</u>	<u>-</u>	<u>21,777,021</u>
Fund balances – ending	<u>\$ 12,005,336</u>	<u>\$ 13,316,002</u>	<u>\$ 1,310,666</u>	<u>\$ 19,735,959</u>

PARK CITY SCHOOL DISTRICT
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Food Services	Student Activities	Pass-Through Taxes	Park City Education Foundation	
Assets:					
Cash and investments	\$ 80,755	\$ 701,821	\$ -	\$ 3,573,052	\$ 4,355,628
Receivables:					
Property taxes	-	-	3,278,323	-	3,278,323
Local	1,694	-	-	667,733	669,427
State	32,665	-	-	-	32,665
Federal	29,336	-	-	-	29,336
Inventories and prepaid items	49,390	-	-	25,539	74,929
Total assets	<u>\$ 193,840</u>	<u>\$ 701,821</u>	<u>\$ 3,278,323</u>	<u>\$ 4,266,324</u>	<u>\$ 8,440,308</u>
Liabilities:					
Accounts payable	\$ 8,960	\$ 30,444	\$ -	\$ 109,995	\$ 149,399
Unearned revenue:					
Local	142,600	-	-	37,500	180,100
Due to other funds	-	-	-	347,639	347,639
Total liabilities	<u>151,560</u>	<u>30,444</u>	<u>-</u>	<u>495,134</u>	<u>677,138</u>
Deferred inflows of resources:					
Unavailable other local revenue	-	-	-	593,795	593,795
Unavailable property taxes	-	-	44,033	-	44,033
Property taxes levied for future year	-	-	3,234,290	-	3,234,290
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,278,323</u>	<u>593,795</u>	<u>3,872,118</u>
Fund balances:					
Nonspendable:					
Scholarship endowments	-	-	-	53,848	53,848
Inventories and prepaid items	49,390	-	-	25,539	74,929
Restricted for:					
Scholarships	-	-	-	563,980	563,980
Assigned to:					
Students	-	671,377	-	-	671,377
Foundation	-	-	-	2,534,028	2,534,028
Unassigned	(7,110)	-	-	-	(7,110)
Total fund balances	<u>42,280</u>	<u>671,377</u>	<u>-</u>	<u>3,177,395</u>	<u>3,891,052</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 193,840</u>	<u>\$ 701,821</u>	<u>\$ 3,278,323</u>	<u>\$ 4,266,324</u>	<u>\$ 8,440,308</u>

PARK CITY SCHOOL DISTRICT**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds**

Year Ended June 30, 2021

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food Services	Student Activities	Pass-Through Taxes	
Revenues:				
Local:				
Property taxes	\$ -	\$ -	\$ 3,245,999	\$ 3,245,999
Earnings on investments	147	-	-	226,736
Lunch sales	281,055	-	-	281,055
Other	-	1,194,380	-	3,663,861
State	298,782	-	-	298,782
Federal	1,082,206	-	-	1,082,206
Total revenues	1,662,190	1,194,380	3,245,999	8,798,639
Expenditures:				
Current:				
Instruction	-	919,378	-	2,999,780
Nutrition services	1,897,615	-	-	1,897,615
Contributions to other governments	-	-	3,245,999	3,245,999
Total expenditures	1,897,615	919,378	3,245,999	8,143,394
Excess (deficiency) of revenues over (under) expenditures	(235,425)	275,002	-	655,245
Other financing sources (uses):				
Transfers in	60,000	-	-	240,683
Net change in fund balances	(175,425)	275,002	-	895,928
Fund balances – beginning	217,705	396,375	-	2,995,124
Fund balances – ending	\$ 42,280	\$ 671,377	\$ -	\$ 3,891,052

PARK CITY SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –*****Food Services Fund***

Year Ended June 30, 2021 with Comparative Totals for 2020

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Earnings on investments	\$ 176	\$ 147	\$ (29)	\$ 4,262
Lunch sales	313,987	281,055	(32,932)	539,272
Vending	-	-	-	69,131
State	291,189	298,782	7,593	198,990
Federal	1,018,798	1,082,206	63,408	520,326
Total revenues	<u>1,624,150</u>	<u>1,662,190</u>	<u>38,040</u>	<u>1,331,981</u>
Expenditures:				
Current:				
Salaries	786,491	786,733	(242)	722,990
Employee benefits	464,930	452,650	12,280	473,368
Purchased professional services	2,000	2,155	(155)	12,523
Purchased property services	2,868	-	2,868	2,770
Other purchased services	50,925	42,629	8,296	52,767
Food and other supplies	592,322	613,448	(21,126)	501,904
Equipment	2,324	-	2,324	-
Total expenditures	<u>1,901,860</u>	<u>1,897,615</u>	<u>4,245</u>	<u>1,766,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(277,710)</u>	<u>(235,425)</u>	<u>42,285</u>	<u>(434,341)</u>
Other financing sources (uses):				
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>190,000</u>
Net change in fund balances	<u>(217,710)</u>	<u>(175,425)</u>	<u>42,285</u>	<u>(244,341)</u>
Fund balances – beginning	<u>217,705</u>	<u>217,705</u>	<u>-</u>	<u>462,046</u>
Fund balances – ending	<u>\$ (5)</u>	<u>\$ 42,280</u>	<u>\$ 42,285</u>	<u>\$ 217,705</u>

PARK CITY SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –*****Student Activities Fund***

Year Ended June 30, 2021 with Comparative Totals for 2020

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Other	\$ 933,140	\$ 1,194,380	\$ 261,240	\$ 951,899
Expenditures:				
Current:				
Salaries	56,005	50,083	5,922	73,251
Employee benefits	31,814	29,901	1,913	36,032
Purchased property services	-	-	-	27
Other purchased services	29,068	23,902	5,166	80,708
Supplies	1,180,984	815,296	365,688	953,740
Other objects	252	196	56	410
Total expenditures	1,298,123	919,378	378,745	1,144,168
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(364,983)	275,002	639,985	(192,269)
Fund balances – beginning	396,375	396,375	-	588,644
Fund balances – ending	\$ 31,392	\$ 671,377	\$ 639,985	\$ 396,375

PARK CITY SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –*****Pass-Through Taxes Fund***

Year Ended June 30, 2021 with Comparative Totals for 2020

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 3,232,897	\$ 3,245,999	\$ 13,102	\$ 3,269,739
Expenditures:				
Contributions to other governments	3,232,897	3,245,999	(13,102)	3,269,739
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	-	-	-
Fund balances – beginning	-	-	-	-
Fund balances – ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PARK CITY SCHOOL DISTRICT
Comparative Balance Sheets –
Park City Education Foundation Fund
June 30, 2021 and 2020

	2021	2020
Assets:		
Cash and investments	\$ 3,573,052	\$ 2,772,906
Receivables:		
Local	667,733	689,650
Prepaid items	25,539	18,251
Total assets	<u>\$ 4,266,324</u>	<u>\$ 3,480,807</u>
Liabilities:		
Accounts payable	\$ 109,995	\$ 97,283
Unearned revenue:		
Local	37,500	228,345
Due to other funds	347,639	271,865
Total liabilities	<u>495,134</u>	<u>597,493</u>
Deferred inflows of resources:		
Unavailable other local revenue	<u>593,795</u>	<u>502,270</u>
Fund balances:		
Nonspendable:		
Scholarship endowments	53,848	53,848
Prepaid items	25,539	18,251
Restricted for:		
Scholarships	563,980	572,940
Assigned to:		
Compensated absences	-	27,033
Foundation	2,534,028	1,708,972
Total fund balances	<u>3,177,395</u>	<u>2,381,044</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,266,324</u>	<u>\$ 3,480,807</u>

PARK CITY SCHOOL DISTRICT**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances –*****Park City Education Foundation Fund***

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Local:		
Earnings on investments	\$ 226,589	\$ 39,187
Other	<u>2,469,481</u>	<u>2,236,752</u>
Total revenues	<u>2,696,070</u>	<u>2,275,939</u>
Expenditures:		
Current:		
Salaries	401,593	364,960
Employee benefits	201,883	196,688
Other purchased services	683	2,086
Instructional grants and scholarships	1,146,454	1,097,398
Supplies	<u>329,789</u>	<u>358,347</u>
Total expenditures	<u>2,080,402</u>	<u>2,019,479</u>
Excess of revenues over expenditures	<u>615,668</u>	<u>256,460</u>
Other financing sources (uses):		
Transfers in	<u>180,683</u>	<u>182,084</u>
Net change in fund balances	796,351	438,544
Fund balances – beginning	<u>2,381,044</u>	<u>1,942,500</u>
Fund balances – ending	<u><u>\$ 3,177,395</u></u>	<u><u>\$ 2,381,044</u></u>

OTHER INFORMATION

PARK CITY SCHOOL DISTRICT

Comparative Statements of Net Position (Accrual Basis) – Governmental Activities

Last Five Fiscal Years

	2021	2020	2019	2018	2017
Assets:					
Cash and investments	\$ 56,312,116	\$ 57,641,518	\$ 55,621,498	\$ 53,910,658	\$ 59,209,117
Receivables:					
Property taxes	83,048,927	78,398,271	82,380,056	71,093,961	59,957,002
Other governments	1,815,474	1,597,407	1,133,402	1,114,094	1,308,806
Inventories and prepaid items	78,142	172,375	310,128	360,991	52,573
Capital assets:					
Land and construction in progress	20,021,258	6,152,243	6,176,369	6,078,012	5,174,771
Other capital assets, net of accumulated depreciation	87,394,782	90,175,058	90,922,924	92,494,372	94,501,482
Total assets	<u>248,670,699</u>	<u>234,136,872</u>	<u>236,544,377</u>	<u>225,052,088</u>	<u>220,203,751</u>
Deferred outflows of resources:					
Related to pensions	<u>7,778,520</u>	<u>6,832,958</u>	<u>15,633,122</u>	<u>13,977,342</u>	<u>12,170,576</u>
Liabilities:					
Accounts and contracts payable	1,107,749	1,396,680	2,016,695	896,399	2,945,082
Accrued payroll and related benefits	8,485,377	7,176,779	7,211,135	6,763,503	5,927,921
Unearned revenue	721,313	764,533	305,383	275,163	253,450
Noncurrent liabilities:					
Portion due or payable within one year	2,753,592	2,745,813	2,760,886	2,564,395	2,578,653
Portion due or payable after one year	<u>15,045,327</u>	<u>24,728,552</u>	<u>38,150,239</u>	<u>23,780,431</u>	<u>30,518,931</u>
Total liabilities	<u>28,113,358</u>	<u>36,812,357</u>	<u>50,444,338</u>	<u>34,279,891</u>	<u>42,224,037</u>
Deferred inflows of resources:					
Property taxes levied for future year	81,057,733	75,869,645	80,836,743	70,037,139	59,581,310
Related to pensions	<u>14,793,398</u>	<u>7,905,246</u>	<u>757,406</u>	<u>11,443,069</u>	<u>4,029,223</u>
Total deferred inflow of resources	<u>95,851,131</u>	<u>83,774,891</u>	<u>81,594,149</u>	<u>81,480,208</u>	<u>63,610,533</u>
Net position:					
Net investment in capital assets	107,311,549	96,175,023	96,901,773	98,572,384	99,676,253
Restricted for:					
Capital outlay	13,385,318	19,869,399	21,859,502	22,136,419	21,714,421
Nutrition services	49,390	200,093	448,215	513,881	611,959
Foundation	1,211,623	1,129,058	759,204	599,668	522,476
Unrestricted	<u>10,526,850</u>	<u>3,009,009</u>	<u>170,318</u>	<u>1,446,979</u>	<u>4,014,648</u>
Total net position	<u>\$ 132,484,730</u>	<u>\$ 120,382,582</u>	<u>\$ 120,139,012</u>	<u>\$ 123,269,331</u>	<u>\$ 126,539,757</u>

PARK CITY SCHOOL DISTRICT

Comparative Statements of Activities (Accrual Basis) – Governmental Activities

Last Five Fiscal Years

	2021	2020	2019	2018	2017
Expenses:					
Instruction	\$ 49,912,770	\$ 50,646,209	\$ 49,399,837	\$ 44,511,959	\$ 43,903,218
Supporting services:					
Student	5,534,846	5,986,110	5,159,901	4,517,928	2,736,234
Instructional staff	4,716,421	5,088,948	4,790,973	4,047,876	3,086,593
Executive administration	873,959	934,655	1,042,963	868,181	1,138,540
School administration	3,803,221	4,004,104	3,890,780	3,155,508	2,850,555
Central	4,315,278	4,375,924	4,676,160	3,465,128	3,169,395
Operation and maintenance of facilities	7,206,920	6,052,238	6,096,846	5,066,170	5,161,691
Student transportation	2,784,603	2,699,082	2,809,513	2,639,078	2,368,461
Nutrition services	2,089,869	1,961,497	1,981,048	1,774,614	1,613,107
Community services	2,117,105	2,269,064	2,071,092	1,794,031	1,597,440
Contributions to other governments	12,897,730	11,488,234	8,937,744	6,148,472	6,619,678
Total school district	<u>96,252,722</u>	<u>95,506,065</u>	<u>90,856,857</u>	<u>77,988,945</u>	<u>74,244,912</u>
Program revenues:					
Instruction	7,976,802	6,294,605	6,486,221	6,449,284	6,681,106
Supporting services:					
Student	809,752	777,851	612,922	553,659	273,566
Instructional staff	504,406	370,086	280,541	134,865	114,909
School administration	84,840	-	-	-	-
Central	80,018	-	-	-	-
Operation and maintenance of facilities	534,665	8,652	23,357	13,435	26,806
Student transportation	1,199,620	1,203,929	1,062,703	819,130	905,289
Nutrition services	1,682,698	1,327,719	1,619,869	1,544,581	1,513,012
Community services	432,473	381,396	306,371	361,455	314,956
Total program revenues	<u>13,305,274</u>	<u>10,364,238</u>	<u>10,391,984</u>	<u>9,876,409</u>	<u>9,829,644</u>
Net (expense) revenue	<u>(82,947,448)</u>	<u>(85,141,827)</u>	<u>(80,464,873)</u>	<u>(68,112,536)</u>	<u>(64,415,268)</u>
General revenues:					
Property taxes levied for:					
General purposes	75,245,934	72,507,311	64,415,406	54,007,971	53,938,571
Capital outlay	5,491,991	5,326,198	5,279,424	4,426,440	5,030,540
Park City Redevelopment Agency	2,674,627	2,572,089	2,137,616	2,058,720	1,886,023
Charter schools	571,372	697,650	619,025	691,220	-
Total property taxes	<u>83,983,924</u>	<u>81,103,248</u>	<u>72,451,471</u>	<u>61,184,351</u>	<u>60,855,134</u>
Federal and state aid not restricted to specific purposes	1,841,361	1,945,554	2,410,040	1,845,066	1,763,122
Earnings on investments	504,536	1,148,248	1,611,163	1,015,160	674,278
Miscellaneous	8,719,775	1,188,347	861,880	797,533	989,447
Total general revenues	<u>95,049,596</u>	<u>85,385,397</u>	<u>77,334,554</u>	<u>64,842,110</u>	<u>64,281,981</u>
Change in net position	12,102,148	243,570	(3,130,319)	(3,270,426)	(133,287)
Net position - beginning	<u>120,382,582</u>	<u>120,139,012</u>	<u>123,269,331</u>	<u>126,539,757</u>	<u>126,673,044</u>
Net position - ending	<u>\$ 132,484,730</u>	<u>\$ 120,382,582</u>	<u>\$ 120,139,012</u>	<u>\$ 123,269,331</u>	<u>\$ 126,539,757</u>

PARK CITY SCHOOL DISTRICT
Comparative Balance Sheets (Modified Accrual Basis) – General Fund

Last Five Fiscal Years

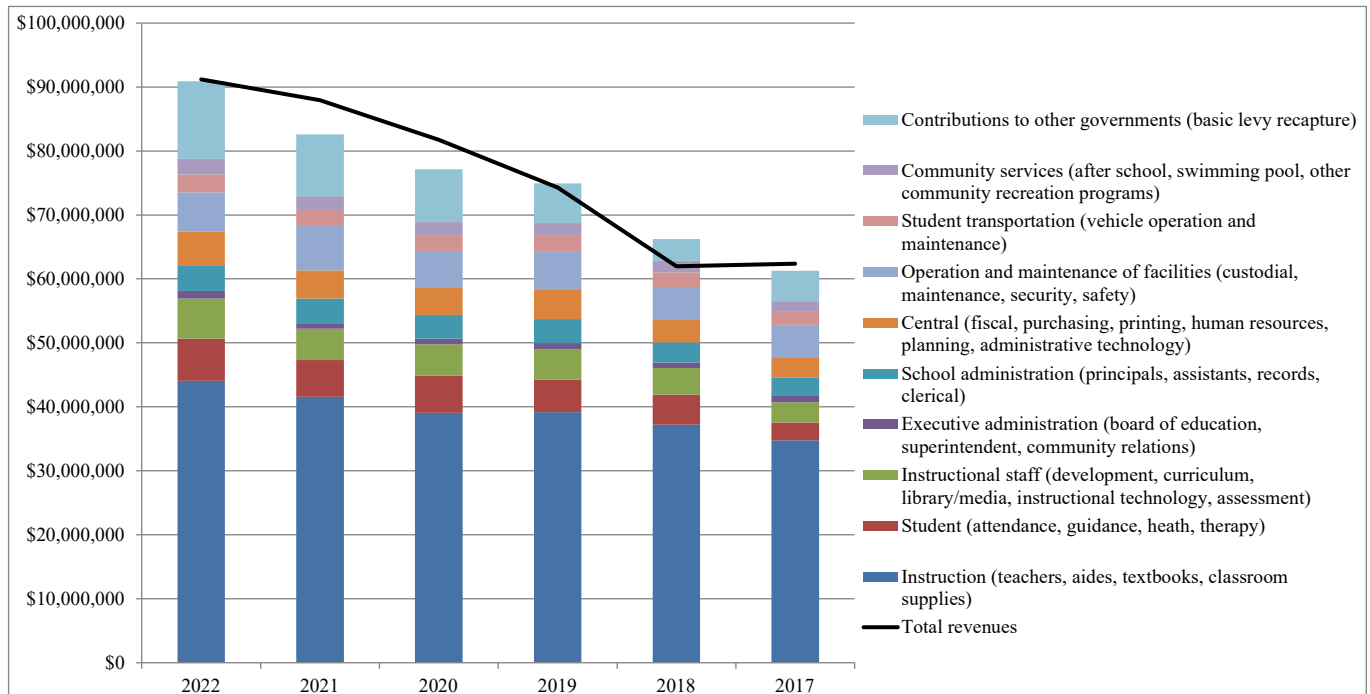
	2021	2020	2019	2018	2017
Assets:					
Cash and investments	\$ 30,716,886	\$ 24,932,516	\$ 20,411,347	\$ 20,654,313	\$ 25,333,380
Receivables:					
Property taxes	74,531,903	70,114,894	73,460,466	62,859,153	52,138,474
Local	211,712	169,506	216,924	233,194	217,179
State	173,957	165,298	158,387	54,364	79,585
Federal	698,377	543,257	491,501	604,866	677,903
Prepaid items	3,213	-	140,072	16,926	16,348
Due from other funds	347,639	271,865	431,365	416,510	478,181
Total assets	<u>\$ 106,683,687</u>	<u>\$ 96,197,336</u>	<u>\$ 95,310,062</u>	<u>\$ 84,839,326</u>	<u>\$ 78,941,050</u>
Liabilities:					
Accounts and contracts payable	\$ 576,693	\$ 622,806	\$ 414,097	\$ 330,286	\$ 849,068
Accrued payroll and related benefits	8,485,377	7,176,779	7,211,135	6,763,503	5,927,921
Unearned revenue:					
Local	-	-	-	1,000	34,738
State	536,999	388,285	204,163	172,233	131,145
Federal	4,214	-	-	-	992
Total liabilities	<u>9,603,283</u>	<u>8,187,870</u>	<u>7,829,395</u>	<u>7,267,022</u>	<u>6,943,864</u>
Deferred inflows of resources:					
Unavailable property taxes	986,604	1,828,270	1,122,839	650,596	697,060
Property taxes levied for future year	<u>72,714,683</u>	<u>67,839,993</u>	<u>72,075,159</u>	<u>61,915,401</u>	<u>51,829,973</u>
Total deferred inflows of resources	<u>73,701,287</u>	<u>69,668,263</u>	<u>73,197,998</u>	<u>62,565,997</u>	<u>52,527,033</u>
Fund balances:					
Nonspendable:					
Prepaid items	3,213	-	140,072	16,926	16,348
Committed to:					
Economic stabilization	4,331,341	4,052,675	4,079,506	3,816,486	3,432,024
Community services	-	-	250,000	190,000	-
Assigned to:					
Compensated absences	1,514,117	1,396,277	1,199,904	981,942	945,765
Basic levy recapture	1,080,000	690,000	500,000	250,000	350,000
Unassigned	<u>16,450,446</u>	<u>12,202,251</u>	<u>8,113,187</u>	<u>9,750,953</u>	<u>14,726,016</u>
Total fund balances	<u>23,379,117</u>	<u>18,341,203</u>	<u>14,282,669</u>	<u>15,006,307</u>	<u>19,470,153</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 106,683,687</u>	<u>\$ 96,197,336</u>	<u>\$ 95,310,062</u>	<u>\$ 84,839,326</u>	<u>\$ 78,941,050</u>
Unassigned fund balance as a percent of general fund expenditures	19.9%	14.8%	10.5%	14.7%	24.0%

PARK CITY SCHOOL DISTRICT

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances (Modified Accrual Basis) – General Fund

Last Five Fiscal Years with Anticipated Budget for 2021

	Anticipated Budget 2022	2021	2020	2019	2018	2017
Revenues:						
Local:						
Property taxes	\$ 79,748,430	\$ 76,130,598	\$ 71,771,507	\$ 63,931,659	\$ 53,441,044	\$ 53,988,820
Earnings on investments	151,496	174,855	597,794	865,213	525,908	343,803
Other	2,924,372	2,617,796	2,508,735	3,075,057	2,904,398	2,955,019
State	6,208,593	6,769,518	5,692,208	5,144,564	3,961,605	3,883,227
Federal	2,157,947	2,223,040	1,155,070	1,256,404	1,170,253	1,200,145
Total revenues	91,190,838	87,915,807	81,725,314	74,272,897	62,003,208	62,371,014
Expenditures:						
Current:						
Instruction	44,088,232	41,579,811	39,048,178	39,147,787	37,217,345	34,756,028
Supporting services:						
Student	6,596,834	5,725,340	5,813,474	5,125,559	4,680,945	2,800,881
Instructional staff	6,246,575	4,923,586	4,930,937	4,734,101	4,182,792	3,135,669
Executive administration	1,166,482	855,796	858,061	986,234	850,374	1,133,207
School administration	3,940,267	3,812,506	3,734,819	3,712,270	3,131,401	2,770,965
Central	5,341,097	4,419,842	4,206,201	4,587,670	3,529,221	3,183,306
Operation and maintenance of facilities	6,153,502	7,090,014	5,805,444	5,911,871	4,979,799	5,042,549
Student transportation	2,793,248	2,374,249	2,312,828	2,518,372	2,435,312	2,125,058
Nutrition services	-	51,500	-	-	-	-
Community services	2,456,815	2,152,835	2,176,259	2,017,614	1,800,111	1,584,358
Contributions to other governments	12,084,515	9,651,731	8,218,495	6,181,103	3,398,532	4,733,655
Total expenditures	90,867,567	82,637,210	77,104,696	74,922,581	66,205,832	61,265,676
Excess (deficiency) of revenues over (under) expenditures	323,271	5,278,597	4,620,618	(649,684)	(4,202,624)	1,105,338
Other financing sources (uses):						
Net transfers and other financing sources (uses)	(245,000)	(240,683)	(562,084)	(73,954)	(261,222)	(382,886)
Net change in fund balances	78,271	5,037,914	4,058,534	(723,638)	(4,463,846)	722,452
Fund Balances – Beginning	18,815,602	18,341,203	14,282,669	15,006,307	19,470,153	18,747,701
Fund Balances – Ending	\$ 18,893,873	\$ 23,379,117	\$ 18,341,203	\$ 14,282,669	\$ 15,006,307	\$ 19,470,153



The 2021 anticipated budget is from the proposed budget approved by the Board in August 2020.

PARK CITY SCHOOL DISTRICT**Expenditures Per Student – General Fund ***

Last Five Fiscal Years with Anticipated Budget for 2022

	Anticipated Budget 2022	2021	2020	2019	2018	2017
Expenditures per student – general fund :						
Instruction	\$ 9,601	\$ 8,854	\$ 8,209	\$ 8,190	\$ 7,728	\$ 7,106
Supporting services:						
Student	1,437	1,219	1,222	1,072	972	573
Instructional staff	1,360	1,048	1,037	990	869	641
Executive administration	254	182	180	206	177	232
School administration	858	812	785	777	650	567
Central	1,163	941	884	960	733	651
Operation and maintenance of facilities	1,340	1,510	1,220	1,237	1,034	1,031
Student transportation	608	506	486	527	506	434
Total expenditures per student – general fund *	<u>\$ 16,621</u>	<u>\$ 15,072</u>	<u>\$ 14,023</u>	<u>\$ 13,959</u>	<u>\$ 12,669</u>	<u>\$ 11,235</u>
Student fall enrollment count	4,592	4,696	4,757	4,780	4,816	4,891

* In this schedule, community service expenditures and contributions to other governments have been excluded.
Student fall enrollment count for the 2022 budget is projected.

PARK CITY SCHOOL DISTRICT
HISTORICAL SUMMARIES OF TAXABLE VALUES OF PROPERTY

Last Five Tax (Calendar) Years

	2020		2019	2018	2017	2016	2015
	<u>Taxable Value</u>	<u>% of TV</u>	<u>Taxable Value</u>	<u>Taxable Value</u>	<u>Taxable Value</u>	<u>Taxable Value</u>	<u>Taxable Value</u>
Set by County Assessor-Locally Assessed							
Real property:							
Primary residential	\$ 5,292,610,582	27.7 %	\$ 4,936,094,886	\$ 4,415,827,442	\$ 4,156,101,905	\$ 3,830,045,477	\$ 3,443,252,037
Other residential	11,705,003,508	61.2	11,112,387,490	9,767,069,332	8,335,624,542	7,774,700,795	7,220,873,340
Commercial and industrial	1,620,730,613	8.5	1,461,459,788	1,490,008,627	1,300,628,768	1,242,128,912	1,177,768,827
Agricultural and Farmland Assessment Act (FAA)	19,864,382	0.1	17,672,947	16,219,108	14,634,463	14,299,539	13,323,553
Unimproved non FAA	17,632,388	0.1	14,125,866	15,869,677	889,532,119	904,724,555	863,535,095
Total real property	<u>18,655,841,473</u>	<u>97.5</u>	<u>17,541,740,977</u>	<u>15,704,994,186</u>	<u>14,696,521,797</u>	<u>13,765,899,278</u>	<u>12,718,752,852</u>
Personal property	<u>232,184,568</u>	<u>1.2</u>	<u>215,987,584</u>	<u>206,088,550</u>	<u>194,029,604</u>	<u>194,919,398</u>	<u>172,475,032</u>
Fee in lieu (motor vehicles, etc.) estimate	<u>109,149,267</u>	<u>0.6</u>	<u>111,342,095</u>	<u>106,725,922</u>	<u>101,908,744</u>	<u>101,305,708</u>	<u>98,037,941</u>
Total locally assessed	<u>18,997,175,308</u>	<u>99.3</u>	<u>17,869,070,656</u>	<u>16,017,808,658</u>	<u>14,992,460,145</u>	<u>14,062,124,384</u>	<u>12,989,265,825</u>
Set by State Tax Commission-Centrally Assessed							
	<u>142,244,462</u>	<u>0.7</u>	<u>131,289,146</u>	<u>126,251,620</u>	<u>111,581,005</u>	<u>100,919,989</u>	<u>93,958,032</u>
Total taxable value	<u>\$ 19,139,419,770</u>	<u>100.0 %</u>	<u>\$ 18,000,359,802</u>	<u>\$ 16,144,060,278</u>	<u>\$ 15,104,041,150</u>	<u>\$ 14,163,044,373</u>	<u>\$ 13,083,223,857</u>
Total taxable value (less fee in lieu property)	<u>\$ 19,030,270,503</u>		<u>\$ 17,889,017,707</u>	<u>\$ 16,037,334,356</u>	<u>\$ 15,002,132,406</u>	<u>\$ 14,061,738,665</u>	<u>\$ 12,985,185,916</u>
Amounts include increases in taxable values within tax increment financing (TIF) districts located within the taxing area of Park City School District as follows:							
Redevelopment incremental taxable value	<u>\$ 674,633,684</u>		<u>\$ 608,729,493</u>	<u>\$ 554,741,827</u>	<u>\$ 549,037,775</u>	<u>\$ 478,210,726</u>	<u>\$ 453,479,903</u>

Source: Utah State Tax Commission.

PARK CITY SCHOOL DISTRICT

Tax Rates and Collections

Last Four Fiscal Years with Anticipated Budget for 2022

	Anticipated Budget		2021		2020		2019		2018	
	2022									
	<u>Tax Rate</u>	<u>Budget</u>	<u>Tax Rate</u>	<u>Collections</u>	<u>Tax Rate</u>	<u>Collections</u>	<u>Tax Rate</u>	<u>Collections</u>	<u>Tax Rate</u>	<u>Collections</u>
General Fund:										
Basic	0.001661	\$ 34,468,422	0.001628	\$ 31,086,183	0.001661	\$ 29,190,126	0.001666	\$ 26,614,228	0.001568	\$ 23,221,183
Board local	0.001252	25,981,013	0.001355	25,873,328	0.001388	24,392,471	0.001206	19,335,767	0.000834	12,351,063
Voted local	0.000930	19,298,995	0.001004	19,171,086	0.001035	18,188,910	0.001130	17,981,664	0.001161	17,193,746
Total general fund	0.003843	79,748,430	0.003987	76,130,597	0.004084	71,771,507	0.004002	63,931,659	0.003563	52,765,992
Pass-Through Taxes Fund:										
Incremental taxes	-	2,674,627	-	2,674,627	-	2,572,089	-	2,137,616	-	2,058,720
Charter school	0.000031	631,768	0.000030	571,372	0.000040	697,650	0.000039	619,025	-	691,220
Total pass-through taxes fund	0.000031	3,306,395	0.000030	3,245,999	0.000040	3,269,739	0.000039	2,756,641	0.000051	2,749,940
Capital Projects Fund:										
Capital local	0.000270	5,602,934	0.000291	5,556,561	0.000300	5,272,148	0.000328	5,239,776	0.000337	4,990,777
Total tax rate / collections	0.004144	88,657,759	0.004308	84,933,157	0.004424	80,313,394	0.004369	71,928,076	0.003951	60,506,709
Contributions to Other Governments:										
Basic levy recapture		12,084,515		9,651,731		8,218,495		6,181,103		3,398,532
Park City Redevelopment Agency		2,674,627		2,674,627		2,572,089		2,137,616		2,058,720
Charter school levy		631,768		571,372		697,650		619,025		691,220
Total contributed		15,390,910		12,897,730		11,488,234		8,937,744		6,148,472
Net taxes retained by the District		<u>\$ 73,266,849</u>		<u>\$ 72,035,427</u>		<u>\$ 68,825,160</u>		<u>\$ 62,990,332</u>		<u>\$ 54,358,237</u>

Notes:

Tax rates are levied for the calendar year. For example, calendar year 2021 tax rates apply to our fiscal year ended June 30, 2022.

Collections include current taxes, redemptions (delinquent taxes collected in the current year) and fees in lieu of taxes (primarily motor vehicle fees).

Collections may differ from tax revenue reported in the fund financial statements which use the modified accrual basis of accounting.

The 2022 budget reflects the rates and anticipated collections as approved by our Board in August 2021.